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POLAND: Coal Output Increases

Coal production has rebounded 16 percent from January through May to 79 million tons, as compared with the same period in 1981, because of martial law controls and a longer workweek. Difficulty in regaining Western markets, however, has led to large coal inventories, estimated by several West European coal buyers at 6 million tons. The Poles are accusing the US of going beyond existing sanctions by attempting to persuade West Europeans not to buy newly available Polish coal. Meanwhile, Warsaw has decided to ship more coal to its allies in return for high-quality goods, and to use the coal at home to produce cement and other products for Western markets.

Comment: US coal producers filled much of the gap caused by the decline of Polish coal exports last year. Warsaw is having problems recapturing markets partly because it is trying to get the West Europeans to honor old contracts at higher prices, and it probably will be forced to cut prices soon. The Poles could produce 190 million tons of coal this year, as compared with the peak of 201 million tons in 1979. Poland could export 14 million tons to the West, double the amount in 1981.

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